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July 26, 2013

VIA ELECTRONIC FILING

Jocelyn G. Boyd, Esquire
Chief Clerk & Administrator
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, South Carolina 29210

Re: Combined Application of South Carolina Electric & Gas Company for a Certificate of Environmental Compatibility and Public Convenience and Necessity and for a Base Load Review Order for the Construction and Operation of a Nuclear Facility in Jenkinsville, South Carolina - **V.C. Summer Nuclear Station Units 2 and 3 Construction Milestones**
Docket No.: 2008-196-E

Dear Ms. Boyd:

Pursuant to the South Carolina Office of Regulatory Staff's ("ORS") nuclear monitoring of V.C. Summer Units 2 & 3 ("the Units") according to S.C. Code § 58-33-277 of the Base Load Review Act ("BLRA"), ORS herein advises the Public Service Commission of South Carolina (the "Commission") that there are existing matters that impact the construction schedule.

On June 5, 2013, South Carolina Electric & Gas Company ("SCE&G") announced that its Engineering, Procurement and Construction contract partners, Westinghouse Electric Company and Chicago Bridge and Iron ("the Consortium"), had preliminarily indicated to SCE&G that the substantial completion date of Unit 2 is expected to be delayed until the 4th quarter of 2017 or the 1st quarter of 2018, with the substantial completion date of Unit 3 expected to be delayed similarly¹. This potential delay is primarily due to challenges in the project schedule related to delays in sub-module fabrication and delivery, specifically the CA01 module. CA01 is a structural module which sits inside of the containment vessel and forms the refueling canal, steam generator compartments and pressurizer compartment.

During the month of June, SCE&G received a draft revised construction schedule for Unit 2 from the Consortium. This draft revised construction schedule reflected a change to the target substantial completion date for Unit 2 from March 15, 2017 to December 15, 2017. Based on the

¹ SCE&G has not agreed to any contractual change to the Guaranteed Substantial Completion Dates for the Units.

revised target substantial completion date, a revised construction schedule was generated by the Consortium to reflect the delays in sub-module fabrication and delivery and module fabrication and installation. Rather than shifting all activities forward by the same amount, many construction activities were re-sequenced to reduce the impact of module delays on the overall project. A similar delay to the Unit 3 target substantial completion date is also likely; however, no revised construction schedule for Unit 3 has yet been made available, and specific delay information for Unit 3 construction is not available at this time. ORS will continue to monitor this information closely.

During ORS's monthly project meetings with SCE&G on July 8, 2013 and July 9, 2013, SCE&G provided to ORS an analysis of the impact of these schedule changes on the BLRA Milestone Schedule ("Milestone Schedule").

Per the Base Load Review Order, overall construction is considered to be on schedule if the substantial completion dates are not accelerated more than twenty-four (24) months or delayed more than eighteen (18) months. ORS found no milestone to exceed these criteria; therefore, construction is considered to be on schedule.

As part of its review of the approved schedule, ORS identifies Caution Milestones. Caution Milestones are those that have been delayed ten (10) months or longer. If any Milestone is delayed sixteen (16) months or greater, ORS may issue a formal notification to the Commission of the delay.

As of July 9, 2013, based on the revised construction schedule, ORS identified fifteen (15) Caution Milestones, with one (1) milestone indicating a delay of 16 months and one (1) milestone indicating a delay of 17 months.

- **Milestone Activity No. 88** – *Set Nuclear Island Structural Module CA03 for Unit 2.*
Status: Delayed 17 months.

While the delay in this milestone is primarily due to delays associated with the fabrication and setting of the CA01 module, there are additional factors contributing to the delay of this milestone. The sub-modules for CA03 were originally scheduled to be manufactured by CB&I Lake Charles, but in order to expedite the work on other modules their responsibility for these sub-modules was transferred to Pegasus Steel, LLC earlier this year. In reworking the milestone schedule to accommodate delays associated with the CA01 module, the Consortium also discovered a problem in the logic of the previous schedule, as the proper support for the CA03 module will not be available until both the placement of CA01 module and the concrete pour associated with that activity have been completed.

- **Milestone Activity No. 92** – *Start Containment Large Bore Pipe Supports for Unit 2.*
Status: Delayed 16 months.

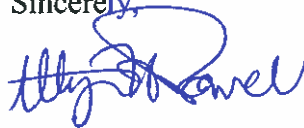
While the delay in this milestone is primarily due to delays associated with the fabrication and setting of the CA01 module, there are additional factors contributing the delay of this milestone. In reworking the milestone schedule to accommodate delays associated with the CA01 module, the Consortium discovered a problem in the logic of the previous schedule, as the Containment Vessel Large Bore Pipe Supports cannot be installed until the same activities associated with the placement of CA01 as stated for Milestone 88 have been completed.

In accordance with our practice, ORS is formally notifying the Commission of these delayed milestones. ORS has conducted an initial review of these delayed milestones. ORS has held meetings with SCE&G and the Consortium on the revised construction schedule, reviewed documents, and compared activities in the revised construction schedule with observed site activities.

A complete list of Caution Milestones, along with the reasons for the delays provided by SCE&G and the Consortium for their delays, is attached. ORS continues to closely review and monitor these milestones.

ORS appreciates the opportunity to provide this information and present our findings to the Commission.

Sincerely,



Allyn H. Powell

Enclosure

cc: Shannon Bowyer Hudson (via e-mail)
K. Chad Burgess, Esquire (via e-mail)
Matthew W. Gissendanner, Esquire (via e-mail)
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Gary Pope Jr., Esquire (via e-mail)
Scott Elliott, Esquire (via e-mail)
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ORS Caution Milestones - July 2013

Attachment 1

Activity No.	Milestone	Completion Date Approved in Order No. 2012-884	Revised Target Completion Date as of July 9, 2013	Deviation from Order No. 2012-884	Reason Given for Delay
78	Set Module CA04 For Unit 2	11/6/2012	8/17/2013	Delayed 10 Months	The delays are associated with the delivery, receipt and fabrication of the CA04 module. The CA04 module is being fabricated on site, and the CA04 sub-modules were in the module assembly building as of 7/12/2013. CB&I plans to work extended hours to set the module in accordance with the revised target completion date.
83	Set Containment Vessel Ring #1 for Unit 2	1/7/2013	11/7/2013	Delayed 10 Months	The Containment Vessel Ring 1 sits atop the Containment Vessel Bottom Head ("CVBH"), which sits atop the CR10 module. The delays here are due to engineering and design approvals, notably design approvals related to the basemat concrete. The setting of the Containment Vessel Ring #1 previously also depended on the setting of the CA20 module, but a work around for this has been established. A bulkhead is being installed to allow concrete to be poured around the CVBH prior to the setting of the CA20 module.
84	Reactor Coolant Pump Fabricator Delivery of Casings to Port of Export - Unit 2	7/31/2012	6/13/2013	Delayed 11 Months	Delays are due to design changes to casings, modifications of welding preparation and schedule resequencing. The casings were delivered to the port of export and the vessel carrying the cases departed on July 6, 2013.
88	Set Nuclear Island Structural Module CA03 for Unit 2	6/26/2013	11/22/2014	Delayed 17 Months	Delays are due to delays associated with the fabrication and setting of the CA01 module, as well as schedule resequencing. Manufacturing of the sub-modules for the CA03 module was moved from CB&I Lake Charles to Pegasus Steel, LLC earlier in the year to allow CB&I Lake Charles to focus on the CA01 module. WEC also discovered a problem in the logic of the previous schedule, as the proper support for the CA03 module will not be available until both the placement of the CA01 module and the concrete pour associated with that activity have been completed.

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Activity No.	Milestone	Completion Date Approved in Order No. 2012-884	Revised Target Completion Date as of July 9, 2013	Deviation from Order No. 2012-884	Reason Given for Delay
92	Start Containment Large Bore Pipe Supports for Unit 2	6/28/2013	10/22/2014	Delayed 16 Months	Delays are due to delays associated with the fabrication and setting of the CA01 module, as well as schedule resequencing. WEC discovered a problem in the logic of the previous schedule, as the Containment Vessel Large Bore Pipe Supports cannot be installed until activities associated with the placement of the CA01 module have been completed. The revised date for the setting of the CA03 module still supports a target substantial completion date of December 15, 2017 for Unit 2.
93	Integrated Head Package - Shipment of Equipment to Site - Unit 2	3/31/2013	2/28/2014	Delayed 11 Months	The delay is due to design changes to the radial arm hoist to resolve issues with system integration.
97	Start Concrete Fill of Nuclear Island Structural Modules CA01 and CA02 for Unit 2	4/3/2014	5/28/2015	Delayed 13 Months	The delay is due to delays associated with the fabrication and setting of the CA01 module. This milestone is also impacted by a construction activity resequencing that calls for the welding of the Pressurizer and Steam Generator Supports to be welded to the CA01 wall prior to the placement of concrete after the setting of CA01.
98	Passive Residual Heat Removal Heat Exchanger - Delivery of Equipment to Port of Entry - Unit 2	12/31/2012	10/31/2013	Delayed 10 Months	The delay is due to schedule refinement and the need for engineering design approval prior to shipment.

ORS Caution Milestones - July 2013

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Activity No.	Milestone	Completion Date Approved in Order No. 2012-884	Revised Target Completion Date as of July 9, 2013	Deviation from Order No. 2012-884	Reason Given for Delay
101	Set Unit 2 Containment Vessel #3	4/24/2014	3/19/2015	Delayed 11 Months	The delay is due to delays associated with the fabrication and setting of the CA01 module.
107	Set Unit 2 Reactor Vessel	6/23/2014	6/7/2015	Delayed 12 Months	The delay is primarily due to delays associated with the fabrication and setting of the CA01 module. A portion of the delay is also due to a schedule change related to the installment of overlay plates for the supports for major components.
112	Set Unit 2 Steam Generator	10/23/2014	9/6/2015	Delayed 11 Months	The delay is due to delays associated with the fabrication and setting of the CA01 module.
116	Set Unit 2 Pressurizer Vessel	5/16/2014	6/17/2015	Delayed 13 Months	The delay is due to delays associated with the fabrication and setting of the CA01 module.

ORS Caution Milestones - July 2013

Attachment 1

Activity No.	Milestone	Completion Date Approved in Order No. 2012-884	Revised Target Completion Date as of July 9, 2013	Deviation from Order No. 2012-884	Reason Given for Delay
127	Start Electrical Cable Pulling in Unit 2 Auxiliary Building	8/14/2013	7/15/2014	Delayed 11 Months	The delay is due to overall schedule resequencing.
129	Activate Class 1E DC Power in Unit 2 Auxiliary Building	3/15/2015	1/16/2016	Delayed 10 Months	The delay is due to overall schedule resequencing.
132	Load Unit 2 Nuclear Fuel	9/15/2016	7/20/2017	Delayed 10 Months	The delay is due to overall schedule resequencing.